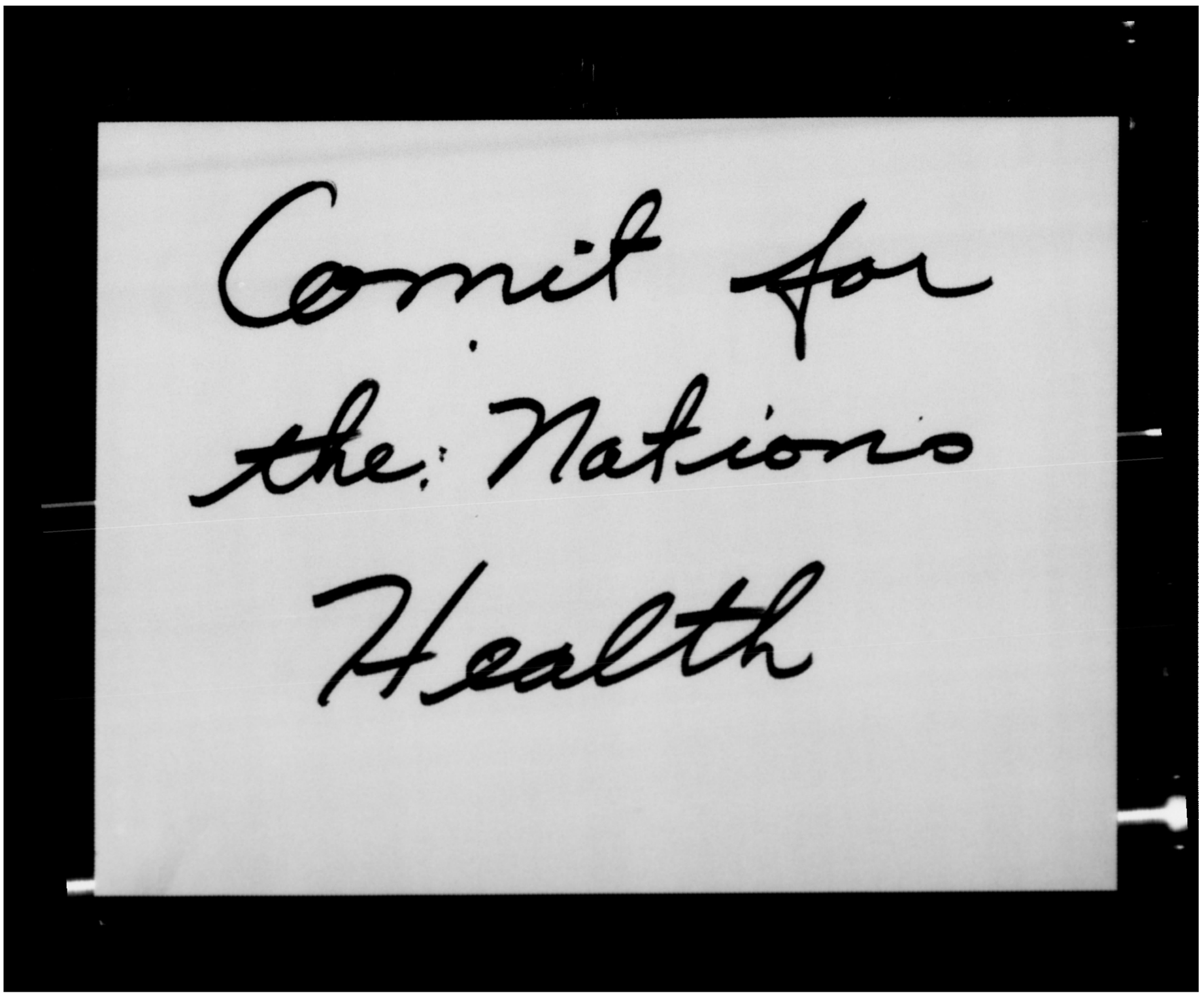
Comit for
the Nations
Health

# COMMITTEE FOR THE NATION'S HEALTH, INC.

2212 M Street, N.W. Washington 7, D. C. Tel.: EX 3-8156



June 16, 1955

ADMINISTRATIVE FILE
Committee for the Nation's Health, Inc.
X

Mr. Dave Beck, President
International Brotherhood of Teamsters,
Chauffeurs, Warehousemen & Helpers
of America
100 Indiana Avenue, N.W.
Washington 1, D.C.

Dear Sir and Brother:

You are well aware that improved health and medical care for the American people has long been in the forefront of labor's national legislative program. Although this year's health proposals of the President are meager, the changed complexion of the pertinent Congressional committees gives the hope that significant steps can be taken toward our goals.

As unions develop their program in the field of health legislation, the Committee for the Nation's Health continues to assist with information and technical analysis. You are undoubtedly acquainted with the work of the Committee through reports and other literature which has reached your desk. You will remember it was organized partly at the instigation of the AFL as a means for broadly rallying labor and other liberal citizen and professional groups behind efforts to bring the miracles of modern medical care within the financial means of all families.

In connection with its discussion of health and welfare issues, the Report of the AFL Executive Council to the Seventy-Third Convention said in part:

"With the reactionary elements headed by the American Medical Association intensifying these efforts to obstruct every attempt of working people to improve the availability of high quality health services, the work of the Committee combining the efforts of liberal Doctors of

Medicine with those of labor and other public spirited citizens becomes even more urgently needed. Continued support of the Committee for the Nation's Health is therefore recommended."

A similar recommendation was made to the Seventy-Second Convention, and as a result many international unions responded generously last year in support of the Committee. Their contributions significantly supplemented the substantial donation from the American Federation of Labor, which was renewed for 1955 at the recent Spring Meeting of the Executive Council.

In planning its activities for this coming period, the Committee for the Nation's Health has many tasks ahead of it. Members of the American Federation of Labor serving on its top policy body participate in setting these tasks. What the Committee will be able to accomplish toward the goals for which we are all striving will depend in large measure upon the financial support from international unions. This year we are hopeful that a large number of internationals will help assure the continuation of the Committee's necessary work in this coming year, which will be so important for health legislation.

We are writing to ask that the International Brotherhood of Teamsters, Chauffeurs, Warehousemen & Helpers of America contribute to this much needed activity which carries forward a vital portion of labor's program. Checks or pledges may be sent to the undersigned or directly to the Committee for the Nation's Health at 2212 M Street, N.W., Washington 7, D.C. The officers and staff of the Committee will furnish you with any further information about its program and services you might care to request.

Your generous assistance in this support is urgently needed and will be sincerely appreciated.

Fraternally yours,

Joseph Keenan

Eric Peterson

AFL Members of the Finance Sub-Committee

# COMMITTEE FOR THE NATION'S HEALTH, INC.

2212 M Street, N.W. Washington 7, D. C. Tel.: EX 3-8156

January 31, 1955





TO: Labor Editors

FROM: Committee for the Nation's Health

RE: Attached comments on the Health Message transmitted to Congress by the President, January 31, 1955.

This statement by the CNH is not in the form of a news release, but is intended to provide information and analysis of the President's health program for 1955 as revealed in his health message and in the health sections of his budget proposals. You are at liberty to use this statement in any way that will suit your purposes in preparing your own news articles, editorials or memoranda.

As soon as drafts of the bills embodying various parts of the President's health program are introduced to Congress, CNH will make analyses of the specific proposals available to all interested persons.

Attachment

COMMITTEE FOR THE
NATION'S HEALTH, INC.
2212 M Street, N.W.
Washington 7, D. C.
EXecutive 3-8156

CHAIRMAN
Channing Frothingham, M.D.
CHAIRMAN,
EXECUTIVE COMMITTEE
Michael M. Davis
EXECUTIVE DIRECTOR
John M. Brumm

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# THE PRESIDENT'S HEALTH MESSAGE, 1955

The President's message on health, read together with his earlier State of the Union message and his budget proposal, demonstrates that widespread interest in medical care and the popular sense of unmet needs have caused a program of national health legislation to become a political necessity for both parties. The message acknowledges the same two fundamental problems which were revealed and emphasized by the President's immediate predecessors in office and which have also been emphasized by a long series of public and private committees and commissions: (1) the high and ever rising costs of medical care; and (2) the serious gaps and shortages in services and personnel.

The test of the President's program is not in its enumeration of the health problems which must be met, but in its proposals for meeting them; and the test of these proposals in turn is in their adequacy as real and effective attacks on the problems. The effectiveness of each proposal must be judged by what it proposes to do and on the size of the appropriations recommended to carry it out. Analysis of the message justifies the following observations:

1) In general, the message and the budget propose a continuation, with some moderate increases, of the current level of appropriations for general public health services (including maternal and child health), for construction of hospital and other health facilities, and for medical research. However, shortages in facilities far outrun the proposals to deal with them, and the proposed appropriations for needed public health services in terms of per capita expenditures is still only at two-thirds of the level of the average for the years 1948-52 -- even though 40 million citizens still live in areas without organized public health services.

2) Any kind of a "bold program" to deal with the serious shortages of physicians, nurses, dentists and public health officers is completely lacking -- except for a little aid for training of nurses and some public health personnel, which would meet only a meager fraction of the urgent need.

3) For the vast and ever-growing problem of the rising costs of medical care, the message proposes (1) a limited aid program for recipients of public assistance and (2) a "reinsurance" proposal, supposedly to help the rest of the population but which, in effect, would not even make a dent in the solution of the problem.

The Reinsurance Proposal

The President has one major suggestion for dealing with the huge and, as he says, "ever rising" problem of costs of medical care now totalling $14½ billions annually in the U.S., of which about $4½ billions are in tax funds and $10 billions in private expenditures. This is to encourage voluntary insurance plans to cover more people with more benefits. The method which the President offers is a "reinsurance" scheme. It is only for that tiny fraction of our population who are needy persons receiving public assistance that the President proposes some increased federal aid for medical care.

The Administration's bill last year, which failed onactment by Congress, would have set up a $25,000,000 fund supposedly designed to stimulate voluntary insurance plans to "reinsure" themselves against the risks involved in giving increased coverage to more people and in improving benefits. The insurance plans were to pay premiums for this reinsurance, thus building up a revolving fund which would ultimately carry the program without any federal subsidies. The principle of subsidy to voluntary plans was explicitly disavowed.

This year the President's reinsurance proposal is based on the same principle. The major difference is that the federal fund will probably be increased and will be split into three categories: first, to help people get financial protection against high cost illness; second, to help voluntary plans take in more rural people, who have been only slightly reached thus far; and third, to help individuals and families of "average or lower income" to obtain general health insurance coverage.

The President has exaggeratedly called his reinsurance scheme "the best method yet proposed for encouraging adequate health insurance coverage for our people." However, in hearings before Congressional committees last year there was agreement among expert witnesses that the Administration's bill could not accomplish its high-sounding objectives. For example, one of the leading spokesmen for the insurance industry explained that reinsurance could neither "increase the ability of the insurer to sell protection to the unwilling buyer ..., /nor/ reduce the cost of insurance .... /nor/ make insurance available to any class of risks or geographical area not now within the capability of voluntary insurers to reach."

The reinsurance scheme this year, as last year, shows a fundamental confusion between reinsurance and subsidy. As some insurance experts brought out in the committee hearings, reinsurance enables a group of insurance plans through a joint fund to prevent financial calamity for any one of them which might be hit by an unusual loss from some high risk it had undertaken. Reinsurance, however, does not help solve the problem of how to extend coverage to, and improve benefits for, various important groups in the population.

The difficulty of enrolling farm people in health insurance plans, for example, results largely from the fact that they are scattered individuals or families who do not work in large groups under a common employer, as do most industrial and commercial workers. It is costly to enroll individual farm families, and costly to collect their premiums individually. If a voluntary insurance plan wants to cover rural people, it must have money to meet the extra expenses of enrolling them. This requires subsidy, and not reinsurance.

Low-income people must have low premiums if they are to be able to join any kind of health insurance plan. This, again means subsidy in one form or another. The only way the so-called reinsurance proposal could be of appreciable benefit in extending the coverage and improving the benefits of voluntary health insurance plans would be by giving subsidies. However, if federal subsidy to aid voluntary plans were actually proposed -- as has been done by some Republican members of Congress -- the amount requested by the President for his reinsurance scheme would be an insignificant sum for this purpose. In his bill to assist needy persons in getting medical care a few years ago, the late Senator Taft proposed $300 million in federal aid to be equally matched by the States, thus making a total of $600 million annually.

Shortages in Facilities and Personnel

When dealing with the serious gaps and "critical" shortages in health personnel and facilities, the President's health message and his budget make an appreciable dent in the situation in only one area -- federal aid for expanding hospitals, clinics and other facilities on the principle of the Hill-Burton Act which has been in effect since 1947. The proposed appropriations of $125 million compare with $96 million last year.

Compared with the need for more hospitals and allied facilities as estimated by the experts, however, the Hill-Burton Act has met only a small fraction of these unmet needs which, of course, continue to grow with our increasing population. In the President's message, the policy of federal aid is broadened by a proposal for the federal insurance of loans obtained by hospitals and other types of medical facilities (similar in principle to the insurance of home loans under the Federal Housing Administration).

The scope of President Eisenhower's proposals for dealing with health problems goes at one point beyond those made by his predecessors, namely, in recommending federal action to combat mental illness which now utilizes more hospital beds than all other diseases put together.

Federal aid for the facilities needed to expand and to improve the best types of health insurance plans cannot be found

in the message or the budget, although some members of the President's own party have again introduced bills to meet this need.

To deal with the shortages of physicians, nurses, dentists and public health officers, nothing is proposed except a little help for training of nurses and some public health personnel. This meets a real need but is only a small fraction of the program recommended by experts a few years ago and requiring the expenditures of some $50 million in federal funds annually for several years, plus a larger amount to help the professional schools obtain needed buildings and equipment.

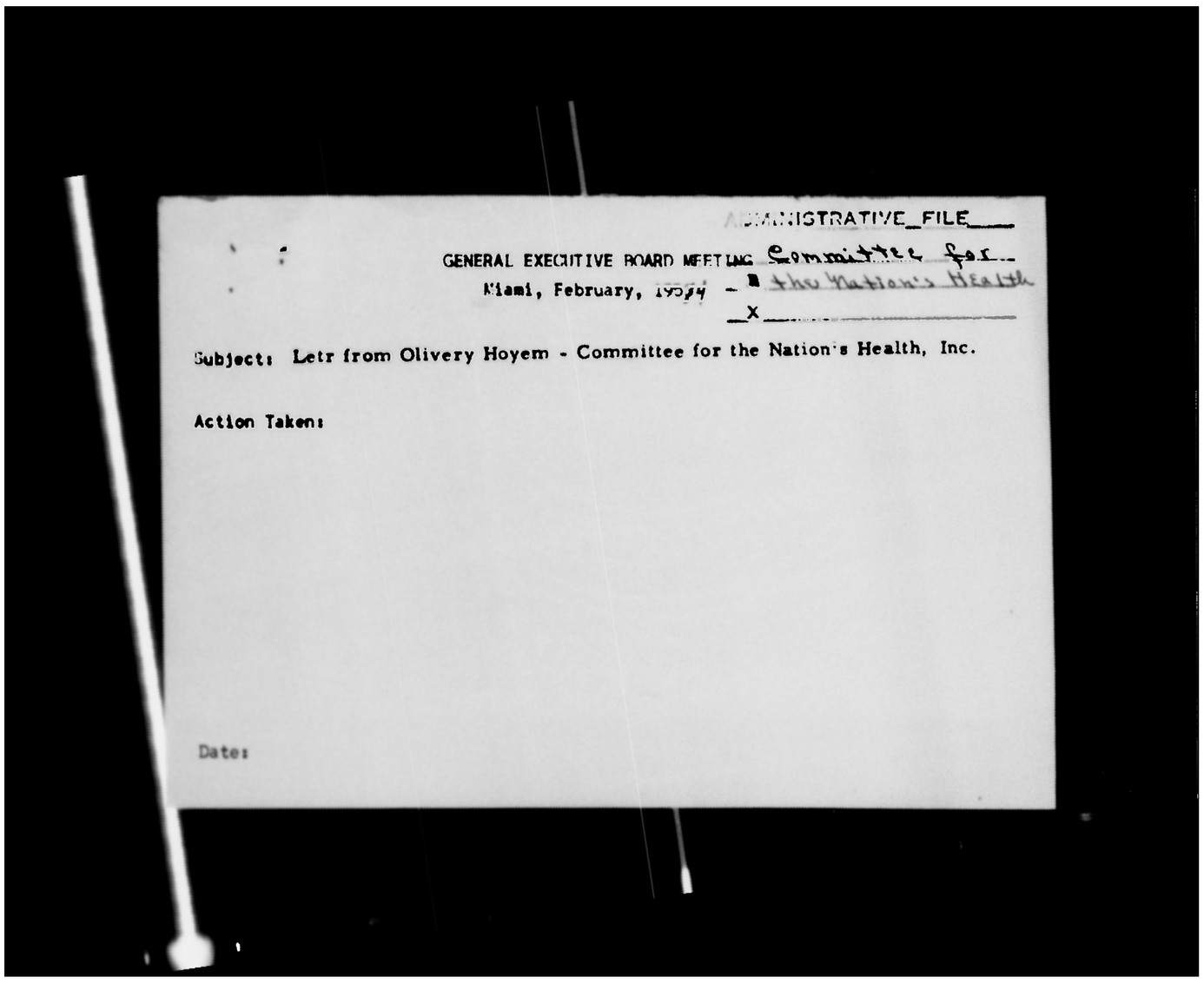
The contrast between the man-size scale of the health problems and the tiny-tot size of the remedies proposed appears again and again. The message speaks of the great need of reducing the "immense human waste and economic loss" of mental illness, of training more health personnel, of better maternal and child health. The great unmet needs in these fields exist in spite of the fact that public and private expenditures for them now amount to $1½ billion a year. The President's proposals to attack these needs would add $15 million -- one per cent. This is like trying to stop a steam-roller with a hand-broom.

Medical Research

In one important area -- medical research -- the President asks that federal aid be extended, not curtailed. The National Institutes of Health, a great new arm of the federal government which studies the causes and the ways of controlling the most serious diseases, are given increased appropriations to the extent of $8 million (10%), both for operating expenses and for research grants to help private agencies.

With this one exception, the President's health program can be described as incompetent to meet the major problems of medical costs, and wholly insufficient to deal with the "gaps and shortages" in health facilities and personnel.

CNH
1-31-55


ADMINISTRATIVE FILE

GENERAL EXECUTIVE BOARD MEETING Committee for the Nation's Health

Miami, February, 1954 - X

Subject: Letr from Olivery Hoyem - Committee for the Nation's Health, Inc.

Action Taken:

Date:

# COMMITTEE FOR THE NATION'S HEALTH, INC.

2212 M Street, N.W. Washington 7, D. C. Tel.: EX 3-8156

February 2, 1954



Dear Mr. Beck:

Vice President Einar Mohn told me this week that it would be eatirely proper at this tiae for the Coaaittee for the Nation'a Health to invite the Teaasters to join with the AFL and other international unions in helping to finance the work of the Coaaittee. The AFL aeabers hope that you aay have opportunity to place that invitation before your Executive Board at its Miaai aeeting.

You aay wiah to subait at the saae tiae the letter of AFL President George Meany, the report of AFL Secretary-Treasurer Williaa Schnitzler, and the 1953 AFL Convention action approving the recoaaendation of the Executive Council, all urging that the nffiliated international unions "assuae a greater ahare" of the financing of the work of the Coa-aittee for the Nation's Health.

The Coaaittee for the Nation's Health, a non-partisan organization of physicians and layaen, is trying to find answers to "socialized aedicine." In this it is working for the objectives upon which the AFL snd the CIO agree and is encouraging experiaentation by labor and other groups to provide better aedical care at lower cost to the workers who pay for it. The policies advocated by CNH do not include a plan of governaent salaried doctors or other foras of socialized aedicine. CNH specifies that doctors be in coa-plete control of the aedical aspects of the plan but recoa-aends that consuaers, including trade unions, have a voice in deteraining financial policies of the plan. A suaaary of the current activities of the Coaaittee is attached for your information.

There are practical reasons why CNH aust look to organ-ized labor for its major support. It is directly engaged in advocating legislation. That bars contributions froa foundations. It also aakes contributions nondeductible for incoae tax purposes, which is a practical handicap in seeking contributions froa persons of aeans.

Furtheraore, because organized labor controls the Board of Directors of CNH, the public generally assuaes that trade unions have undertaken the financing of the Committee. Knowing how generously trade unions have contributed to private organizations ainistering to persons suffering froa such diseases as cancer, heart, tuberculosis, polio,

arthritis, and auscular distrophy, snd to the handicapped, the public is inclined to believe that labor will support an organization that is so definitely an agency working for labor's objectives in ths fisld of aedical care.

Ths AFL itssl contributes $10,000 a year because it needs the sarvicss of CNH. The largest contributions froa AFL Internationals ars $2,500 sach froa ths Mschinists and the Ladies' Garaent Workers'. Ths CIO has aet this $15,000 block of support by gifts of $5,000 sach froa the Steelworkers, the Auto Workers, and the CIO itself. Sasller contributions coae froa trade unions and individuals. However, the funds available sre not sufficient to provide the additional service to trsde unions which the Board of Directors would like the CNH to provide, even though its services to date have earned the praise and commendstion of the AFL Executive Council.

Medical care is once again sn issue before Congress. President Eisenhower is urging action. Chairaan Wolverton of the House Interstate and Foreign Coaaerce Comaittee is earnestly seeking additional aeans of bringing better aedical care to the people at less cost to the individual. Most aembers of the Coamittee have praised the contributions of organized labor to a botter understanding of the problea. It is sn issue upon which labor is united to an extrsordinary degree through the aedius of the Committee for the Nation's Health. The Bosrd of Directors earnestly hopes for participation by the Teamsters in shaping national policy in the field of health.

Checks should be sent to the Comaittee for the Nation's Health, Inc., at 2212 M Street, M.W., Washington 7, D.C.

Sincerely,

Oliver Hoyem
Fund Consultant

Mr. Dave Beck, President
Interaational Brotherhood of Teaasters,
Chauffeurs, Warehouseaen & Helpers of America
100 Isdiana Avenue, N.W.
Washington 1, D.C.

Copied from Official Proceedings of the 72nd Convention of the AFL held at St. Louis. See pages 312-313; Convention Action, page 641, approved unanimously. September, 1953.

During the past year, the Committee for the Nation's Health continued to render useful service to the American Federation of Labor and affiliated unions, both in connection with health legislation and in educational and resource services in the development and administration of negotiated health and welfare plans. The American Federation of Labor and a number of its affiliates have made substantial contributions toward the support of the committee. Inasmuch as its services are of direct benefit to all affiliated unions, however, it is hoped that in the future national and international unions will undertake to assume a greater share of this financial burden. At the request of the Executive Council, letters have been sent to each National and International President, advising as to the importance of the committee's work and requesting their support in financing its operations.

CNH - 1/29/54

WHAT THE COMMITTEE FOR THE NATION'S HEALTH IS DOING

**LEGISLATION:**

Analyzing health bills in Congress (there were 259 in 1953) and Congressional and Administration reports on health from the standpoint of labor.

Following closely the hearings before the House Interstate and Foreign Commerce Committee and assisting labor and other liberal groups in their presentations.

Our Legislative Bulletin keeps trade unions abreast of developments. (Feb. 2, 1954, Bulletin attached.)

President Eisenhower's health program is a major interest of CNH during 1954 as one means of attaining some of labor's objectives.

**SERVICE TO UNIONS:**

Keeping labor leaders informed of values and costs of different health insurance plans. "Short Guide to Health Insurance Plans" is currently available. (Copy attached.)

Labor Health and Welfare materials furnished free on request -- a complete listing (48 items in 1953) of CNH literature of special interest to unions.

Conferences on health programs with AFL and CIO groups and with individual international unions are a continuing activity. Helping unions to obtain expert consultation on voluntary health insurance plans.

CNH speakers already have addressed many meetings in 1954.

**PUBLIC RELATIONS:**

Keeping the general public informed -- statements for the press, magazine articles, special material prepared for writers and broadcasters. Special material for labor news services and radio broadcasts in January, 1954, covering Congressional hearings. Meetings and correspondence with physicians associated with union-sponsored plans and other liberal physicians in order to achieve a balance in health programs, thus counterweighting some of the specialized interests of the American Medical Association and commercial insurance companies. An example of how this was done in January, 1954, in connection with the Congressional hearings, is attached ("Health Issues Clarified by Testimony of Doctors").

GENERAL:

The Committee supports the development by public and private action of comprehensive programs to improve the quality, quantity, and organization of health services, to increase their accessibility, and to lessen their financial burdens upon the people. It promotes the extension of health insurance by national and state legislation and by voluntary means.

LEGISLATIVE BULLETIN

COMMITTEE FOR THE NATION'S HEALTH, INC.

2212 M STREET, N.W. • WASHINGTON 7, D. C. • Tel.: Ex 3-8156

1954 Series | February 2, 1954 | Number 2

## RECENT LEGISLATIVE DEVELOPMENTS

**Notice:**

a) A meeting of organizations interested in health legislation will be called by the Committee for the Nation's Health shortly following the introduction of some bills embodying the Administration's recommendation to aid in extending insurance for medical care costs.

b) This bulletin attempts only to summarize developments in recent weeks. Two issues have come into special prominence, on which CNH plans to give detailed analysis soon: (1) the reinsurance device as a means of meeting health problems, and (2) insurance for so-called "catastrophic" illness.

### THE PRESIDENT'S HEALTH MESSAGE

President Eisenhower's special message to Congress on health, January 18, confirms the observation that the acceptance of some substantial responsibility by the Federal Government for maintaining and improving the health of the American people has become a bi-partisan policy which no future administration is likely to change.

As far as it goes, what the President says about unmet health needs is a reiteration of the findings of a long series of studies by private and governmental bodies. He emphasized the "key problems ... distribution of medical facilities and ... costs of medical care", but omitted another major problem, the shortage of personnel -- physicians, dentists, nurses and others -- and the grave financial condition of the medical and allied professional schools.

### Public Health Services

The recommendations actually made by the President fall far short of the "vigor and imagination" required to meet even the needs which his message describes. However, it is gratifying that the President recommends the continuance and in some cases the expansion of policies which, established in previous Administrations, have been generally recognized as beneficial: for example, support of medical research conducted by or with the aid of the Federal Government as well as by other funds; grants-in-aid to the States to extend and improve public health services; and enlargement of the scope of the Hospital Survey and Construction (Hill-Burton) Act, aiding not only conventional hospitals but also non-profit facilities for the chronically ill, for rehabilitation, for nursing homes and for "diagnostic treatment centers for ambulatory patients."

The following bills have been introduced to carry out the Administration proposals on the above: H.R.7341 and S.2758, Medical Facilities Survey and Construction Act of 1954; and H.R.7397 and S.2778, on Public Health Grants-in-Aid. (For additional comments, see last section of this Bulletin.)

## Re-Insurance

On the other hand, the only proposal on the outstanding problem of the costs of medical care is "a limited Federal reinsurance service to encourage private and non-profit health insurance organizations to offer broader health protection to more families."

As it now stands, this proposal is quite indefinite so that detailed comment must be postponed until it has been embodied in an administration bill. At a news conference the Secretary of the Department of Health, Education, and Welfare indicated this bill would be forthcoming within the next few weeks.

No scheme of re-insuring some existing health insurance plans, however, is likely to touch the two main needs of the situation: first, to get costs down so low-income groups can afford health insurance; and second, to offer comprehensive medical service, including prevention of illness as well as its care. Re-insurance, unless a bill is carefully drawn with this purpose in mind, might not assist at all; it might even discourage the health insurance plans which are comprehensive. Re-insurance will not bring down premium charges, and -- especially if commercial insurance policies were Federally insured -- might merely assist some existing plans to cover more high-cost illness and add to their present over-emphasis on hospitalization and surgery.

## THE WOLVERTON HEARINGS

In contrast to the President's limited proposals on health insurance, the hearings over the past four weeks before Mr. Wolverton's House Committee on Interstate and Foreign Commerce have brought forth invited testimony from many individuals and organizations presenting considerably more far-reaching ideas.

Earlier, last October, representatives of insurance companies had indicated their optimism that existing insurance plans, supplemented by their current experimentation with new types of policies for "major medical expense" or "catastrophic" costs, would amply meet the people's needs.

## Medical Experts Testify

During January expert testimony, including that of medical and lay representatives of comprehensive health plans, has clearly described the needs of people (a) for comprehensive prepayment plans based on modern methods of organizing health facilities and services, (b) for complete preventive services rather than mere cash indemnity to cover part of the bills, and (c) for some action to remove legal restrictions on the establishment of comprehensive plans, as well as

to provide financial aid in the form of subsidy or loan to encourage the growth and spread of these plans. Reports from the very latest research studies emphasized the magnitude of the problem and the limited protection which voluntary plans are now providing.

### Labor's Stand

Labor representatives seconded the medical witnesses as to the limitations of most present voluntary insurance and the desirability of extending the development of comprehensive plans and group medical practice. However, supported by their acquaintance with the problems of worker families, they repeated their stand for a broad national program designed to meet the needs of all economic and social groups.

### AMA Remains Negative

Remaining true to form, the spokesmen for the American Medical Association did not vary from their usual negative position. Mr. Wolverton and other members of his committee did not conceal their displeasure with the failure of the AMA people to recognize the existence of any serious problem or to suggest any even moderately constructive proposals. Chief AMA witness, AMA president-elect Dr. Walter Martin, dodged giving straight answers to questions as to the AMA official objections to the several comprehensive health plans which have been under attack by local medical societies.

These hearings have provided an unusual opportunity for the discussion of health issues, partly because no specific legislation was under consideration. Although Mr. Wolverton had introduced several bills (both old and new) on the subject, he emphasized throughout that the purpose of the hearings was to give as much latitude as possible to analysis of the problems and to proposals for Congressional action. He added that he expected the testimony to furnish assistance in drafting new legislation.

* * * * *

## NEW HEALTH BILLS BEFORE CONGRESS

(83rd Congress, 2nd Session, 1954)

### Health Service Reinsurance

H.R.6949 Wolverton, (R., N.J.): "Federal Health Services Reinsurance Act". Interstate and Foreign Commerce. To facilitate the broader distribution of health services, and for other purposes. Identical with bill introduced by Mr. Wolverton in 1950, 81st Congress. Would provide Federal re-insurance for certain costs over a certain amount incurred by health plans which conform to certain standards. However, the standards would inhibit development of comprehensive health plans and there is no assurance that re-insurance device would extend existing coverage or reduce premium costs. /Detailed analysis by CNH now available upon request./

**Federal Aid to Voluntary Health Plans**

H.R.6950 Wolverton, (R., N.J.): "Health-Services Facilities Act". Interstate and Foreign Commerce. To assist voluntary non-profit associations offering prepaid health service programs to secure necessary facilities and equipment through long-term, interest-bearing loans.

Similar to S.1052 (Humphrey) and H.R.4593. The changes are all improvements. It would assist union-sponsored and other types of consumer-controlled plans as well as cooperatives. Also, it defines financial terms more specifically.

H.R.6951 Wolverton, (R., N.J.): "Mortgage Loan Insurance". Interstate and Foreign Commerce. To amend title IV of the Public Health Service Act (relating to hospital survey and construction), to provide mortgage loan insurance to stimulate investment of private capital in the construction of self-supporting hospitals and other medical facilities and to facilitate the extension of voluntary, prepayment health plans providing comprehensive medical and hospital care.

Maximum for individual loan would be $5,000,000 or 80% of property value at no more than 5% rate of interest. At least 75% of any facility obtaining insured loan must be devoted to "serving members of group practice prepayment health plans".

Could be helpful in stimulating establishment of new comprehensive health plans in places where State laws and medical society restrictions do not stand in the way. Would not overcome difficulty of extending these plans to low income groups or to retired persons.

**Income Tax Deduction Bills**

H.R.6952 Wolverton, (R., N.J.): Ways and Means. To amend section 23 (c) of the Internal Revenue Code to permit the deduction of certain payments for health insurance without regard to the 5 per centum limitation contained therein.

Not objectionable, given acceptance of the principle that further specialized deduction from gross income are desirable. An important point: the $100 limitation on the allowable deduction for health insurance premiums penalizes families, whose premiums (if they have comprehensive coverage or several commercial policies) would more nearly approximate $200. Also, as brought out in CNH analyses of other tax deduction bills (Legislative Bulletin, 1953, No. 2) this type of bill would benefit chiefly single persons and families with incomes over $3,000 or $4,000. Thus, half of the population would not be benefited.

Hospital Survey & Construction Act Amendments

H.R.7341 Wolverton, (R., N.J.): Interstate and Foreign Commerce.
S.2758 Smith, (R., N.J.), Ferguson, (R., Mich.), Saltonstall, (R., Mass.), Upton, (R., N.H.), Hill, (D., Ala.), Ives, (R., N.Y.). Labor and Public Welfare. "Medical Facilities Survey and Construction Act of 1954". To amend the hospital survey and construction provisions of the PHS Act, to provide assistance to the States for surveying the need for diagnostic or treatment centers, for hospitals for the chronically ill and impaired, for rehabilitation facilities, and for nursing homes, and to provide assistance in the construction of such facilities through grants to public and non-profit agencies, and for other purposes.

Administration sponsored bill which authorizes appropriation of $60 million for construction of these four new important categories of facilities for each fiscal year from 1955 to 1957. Federal share of these categories may be between one-half and two-thirds.

Public Health Grants-in-Aid

H.R.7397 Wolverton, (R., N.J.): "Public Health Grant-in-Aid Amendments of 1954". Interstate and Foreign Commerce.

S.2778 Smith, (R., N.J.), also Ferguson, (R., Mich.), Saltonstall, (R., Mass.), and Hill, (D., Ala.). Labor and Public Welfare. To amend the Public Health Service Act to promote and assist in the extension and improvement of public health services, to provide for a more effective use of available Federal funds, and for other purposes.

Administration sponsored bill which would replace present separate authorizations for categorical public health grants for general health and venereal disease, tuberculosis and heart diseaae control with an authorization for three types of grants to States: (1) general grants for public health services, (2) grants for extension and improvement, and (3) grants for special projects for solving public health problems.

The formulas for determining the Federal ratio have been standardized. For the general grants States would be aided in inverse proportion to their relative per capita income, between a maximum of 2/3 and a minimum of 1/3. For extension and improvement, aid would be based on relative State populations with a minimum allotment of $25,000.

Labor Union Health and Welfare Funds

H.R.7438 Hoffman, (R., Mich.). Education and Labor. Attempts to encourage State supervision of all health and welfare funds set up through collective bargaining by causing the anti-trust laws to apply to "contracts, combinations, conspiracies, agreements, activities or operations" relating to these funds, unless so supervised.

* * * * *

Committee for the Nation's Health

1212 M Street, N.W. • Washington 7, D. C. • EXecutive 3-8156

PRESS RELEASE

For immediate release

HEALTH ISSUES CLARIFIED
BY TESTIMONY OF DOCTORS
AT RECENT HOUSE HEARINGS

Washington -- Doctors testifying before the House Committee on Interstate and Foreign Commerce during the hearings on medical care differed sharply with the policies of the American Medical Association on how medical care should be organized and financed to serve the best interests of the people of the United States.

The Congressional Committee under the chairmanship of Charles Wolverton of New Jersey has heard testimony from well known physicians representing several outstanding prepayment health care plans in different parts of the country. Their testimony emphasized the high quality of medical care provided by prepayment plans based on group practice of specialists and other medical personnel working closely with a family doctor.

"Their testimony," said Dr. Michael M. Davis, chairman of the Executive Committee of the Committee for the Nation's Health, a non-partisan organization of physicians and laymen, "shows that there is a steadily growing conviction among doctors that the solo-practice, fee-for-service method characteristic of a by-gone era must be replaced by comprehensive medical care which includes preventive as well as curative service. It is gratifying that the House Committee is broadening the scope of the hearings and so opening to fuller public understanding the significant cleavage within the medical profession about matters affecting the people who pay for medical care."

Among the significant points made by doctors and lay representatives of the group plans - which included some union-sponsored plans as well as other plans in which unions participate - were the following:

1. That the primary objective of a good health plan should be to keep people healthy and not merely to pay the big bills resulting from serious illnesses.

2. That the best way to protect people from the heavy, or "catastrophic", costs of long and serious illness is to furnish, in a prepayment plan, all the needed medical services, including the family doctor, specialists when required, and all needed preventive, diagnostic, and curative services.

3. That comprehensive service plans based on group practice of medicine gives better medical care more economically than the traditional solo-practice and fee-for-service method.

4. That three major barriers are largely responsible for the fact that these group plans are not now increasing rapidly enough to meet the great popular demand for them:

(a) existence of many restrictive state laws;
(b) the restrictive and antagonistic policies of organized medicine; and
(c) the difficulty of obtaining needed loans.

These points were backed up by spokesmen for the AFL and the CIO, who emphasized that union members are dissatisfied with the present limited cash indemnity health insurance which is almost all that is available in most parts of the country.

Union representatives pointed out that only a broad national health program could possibly bring adequate medical care to all groups in the population. However, they agreed with many of the doctors from the group plans that it would be highly desirable for the Federal Government to make available loans for the establishment and extension of plans that provide comprehensive health care.

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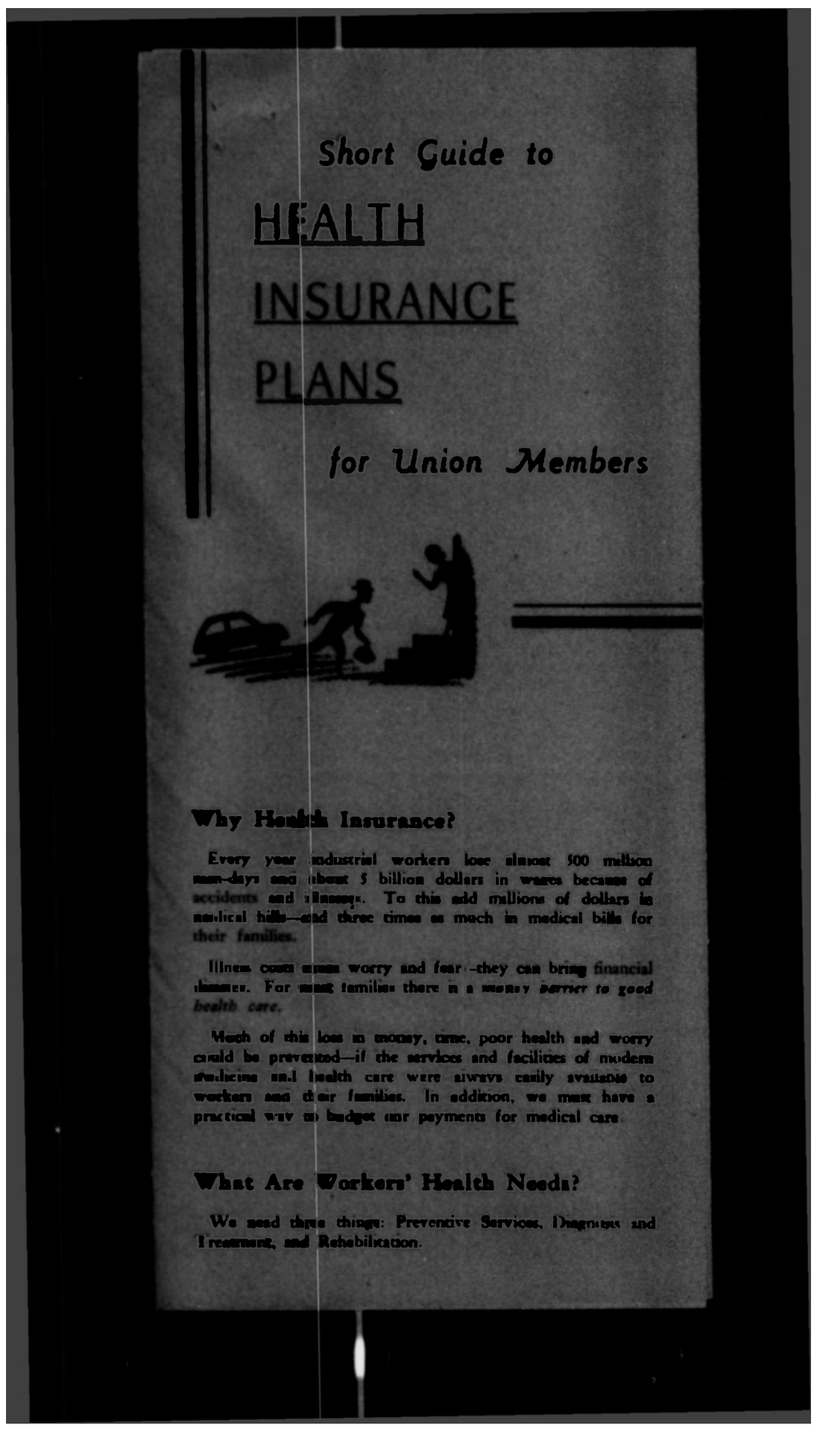
NOTE: The Committee for the Nation's Health plans to reproduce significant quotations from some of the testimony before the Wolverton Committee. This material for the use of editors will be sent out at an early date.

CNH - 1/22/54




## Why Health Insurance?

Every year industrial workers lose almost 500 million man-days and about 5 billion dollars in wages because of accidents and illnesses. To this add millions of dollars in medical bills—and three times as much in medical bills for their families.

Illness costs more than worry and fear—they can bring financial disaster. For most families there is a money *barrier to good health care.*

Much of this loss in money, time, poor health and worry could be prevented—if the services and facilities of modern medicine and health care were always easily available to workers and their families. In addition, we must have a practical way to budget our payments for medical care.

## What Are Workers' Health Needs?

We need three things: Preventive Services, Diagnosis and Treatment, and Rehabilitation.

*Preventive Services*—to keep us well.

Because of our great resources in medical science, the most important part of medical care is the prevention of illness, disability and early death—but this part of medicine is still the most neglected.

*This means:* periodic physical examinations—early detection and treatment of sickness—immunizations—good nutrition and housing—protection against work hazards—and many other things we can have.

*Diagnosis and Treatment*—as soon as we are sick or have an accident.

*This means:* services of a family doctor at home, office, health center or hospital—services of medical specialists when needed—x-rays, laboratory tests and other necessary facilities—hospital care when required.

*Rehabilitation*—to restore us to health and useful employment after serious accident or illness.

## What Can We Do About These Needs?

We can work for health insurance and support group medical practice. Health insurance can break down the money barriers—by allowing us to pre-pay in small regular amounts our high and unpredictable medical bills which may hit us at any time.

Group practice of medicine (a "team" of doctors and others working in a health center) can give us the best and most complete health care for ourselves and our families.

*A national health insurance program, enacted into law by Congress, could bring these services to all people.* Unions and their members are working for this goal. In the meantime, unions must negotiate the best possible health insurance plans.

## A Good Health Plan Has Two Parts

*Temporary Disability Insurance*—sometimes called "sickness and accident" benefits, to partly make up what you lose in wages, for necessities of life while unable to work.

This protection is usually purchased from an insurance company. Some unions and employers handle it themselves, through self-insurance. Some negotiate special sick-leave clauses.

Four States have compulsory disability benefit laws—California, New Jersey, New York, Rhode Island. They differ widely in adequacy of benefits and administration.



*Health Insurance*—to provide protection against medical, surgical and hospital expenses, and to make available health care of the highest quality.

At present this protection is inadequate in most plans. There are several different kinds of plans.

## What Are the Differences in Health Plans?

*Some are limited—some are comprehensive.*

Most plans are limited—that is, they pay just part of the sickness bills, and usually apply to illness costs in the hospital only.

A few good plans are *comprehensive*, or try to be as comprehensive as possible—that is, they aim at provision for *all* essential medical needs—including preventive care and the services of a family doctor at home, office or hospital, and of surgeons and other specialists when required.

*Benefits are cash indemnity or service.*

The benefits of most limited plans are cash indemnity, that is cash money—to help pay for specified surgical or hospital charges. *You pay the bills*, however much they are.

The better plans furnish you with the hospital and medical services when you need them. *The plan pays the bills*—you get the care.

*Some have democratic control—some do not.*

Most plans are run entirely by business enterprises or by the professional groups and organizations which perform the services and receive the remuneration (such as doctors and hospitals).

A few plans are *consumer-controlled*—that is, they are administered by people who want and use the services, in cooperation with representatives of the professions. Medical care itself remains solely under professional medical direction.

*Some are for profit—some are not.*

Some plans are in business to make profits—commercial insurance companies.

Other plans are set up on a *non-profit basis* with any "surplus" used for improving benefits.

## What Health Plans Are Available?

*Cash-Indemnity Insurance Plans*

Commercial insurance companies sell group insurance policies which provide limited cash benefits for payment on hospitalization and surgical bills. A few insurance companies also sell limited medical care for paying some of the family-doctor bills.

A typical insurance company "package plan," in addition



to surgical and hospitalization sickness, usually includes a sickness and accident policy and a term life insurance.

*Blue Cross Hospitalization Plans*

A Blue Cross plan covers hospitalization benefits such as board and room plus a certain number of the "extra" services provided in a hospital. It is officially sponsored by a group of hospitals in a given area, but must meet certain standards set up by the American Hospital Association.

The better Blue Cross plans give services, rather than cash indemnity, and are fairly comprehensive, because they cover important hospital service.

*Blue Shield Surgical Plans*

Most Blue Shield plans give limited medical care benefits only—usually for surgical operations, but sometimes also for care by a family doctor in a hospital. They are set up by local and state medical societies and given the official approval of the American Medical Association.

In general, Blue Shield plans give indemnity benefits—that is, they usually pay for specified surgical operations according to a schedule of benefits. There is no guarantee (except occasionally for persons with very low earnings) that the benefits will pay the full fee charged by the doctor.

*Group Practice Health Center Plans*

Group health plans are sponsored by unions, cooperatives, communities or other non-profit associations, and are usually also open to other groups. Their number is increasing.

They are organized around a health center which brings together for the benefit of the subscribers many important facilities and professional medical personnel.

Many of these plans offer comprehensive services for members and their families. Others may give more restricted services because of limited funds.

## What Should You Look for in a Good Health Plan?

1. The plan should give *service* rather than cash benefits. Cash benefits always mean there is more to pay.

2. The plan should provide health coverage *for the entire family*. About 75% of a worker's health expenses are for his family.

3. The plan's health services should be *comprehensive*: preventive, diagnostic and treatment services—in the doctor's office, health center, home and hospital. Services of surgeons

and other specialists should be available for operations and consultation.

4. The doctors and other health personnel should work as a "team" in *group practice*. In this way, high quality and more efficient and economical services are assured.

5. The plan should be *democratically administered*. Subscribers or consumers should have administrative control or at least adequate representation on the policy-making board.

6. The plan should give you back in benefits *adequate value for the money you invest*. Experience shows that a group practice plan built around a health center can provide comprehensive health care of high quality at a cost no higher than is paid in premiums for only limited indemnity insurance. Always get the best expert advice.

## What Plans Meet Many or All of These Standards?

*Many Unions organize their own health centers*—such as the Labor Health Institute of Teamsters Local 688 in St. Louis, the AFL Medical Center sponsored by the Central Labor Council in Philadelphia, the Labor Medical Center of the Laborers' District Council of Washington, D. C., and the many health centers set up by the International Ladies' Garment Workers, the Amalgamated Clothing Workers, the Hotel and Restaurant Employees, the Amalgamated Meat Cutters, the United Automobile Workers, the International Brotherhood of Electrical Workers, and others.

*Some Unions participate in a cooperative-sponsored plan*—such as Community Health Association in Two Harbors, Minnesota, or Group Health Cooperative of Puget Sound in Seattle, Washington; *or in a community-sponsored plan*—such as Health Insurance Plan of Greater New York (HIP); *or in some other comprehensive service plans*—such as the Kaiser Plans on the West Coast.

## What Can Unions Do?

It takes thorough planning before a good health plan that meets most of these standards can be established. In many cases, existing plans can be improved.

Unions often find it useful to set up a special committee to study the needs of their members and the possibilities for meeting these needs. Such a committee should obtain necessary information and impartial advice. It is always advisable for local unions to check with their International Union office for help and suggestions.



## How to Get More Information

This short guide has given you just a brief introduction to the subject of health insurance plans for unions. It has been prepared by the *Committee for the Nation's Health* which works closely with labor organizations in promoting health legislation and other health programs for the benefit of all the people.

The Committee provides information and educational materials as a service to unions and other interested groups. The materials are planned for use by union leaders, staffs, health-and-welfare committees, discussion groups, and conferences.

**Copies of the following CNH publications will be sent free on request:**

- ***List of Labor Health and Welfare Materials***
  A complete listing of CNH literature of special interest to unions.
- ***Health Needs and What to Do About Them***
  A pamphlet summarizing the Report of the President's Commission on the Health Needs of the Nation.
- ***Health Issues of Today***
  A distinguished physician explains the kind of medical care we should have.

This leaflet was planned for low-cost distribution to union members. On orders of 5,000 and over, arrangements may be made to have a Union's own imprint on this back page.

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**Write to:**

***Committee for the Nation's Health***

**2212 M Street N.W.**

**Washington 7, D. C.**